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DISPATCH		CLASSIFICATION S E C R E T	PROCESSING ACTION XX
TO	Chief, EE ECN EGC ECB		MARKED FOR INDEXING
INFO.	Chief, FE; COB, Bonn; COS, Germany; CSB, Frankfurt; COB, Berlin		NO INDEXING REQUIRED
FROM	Chief of Base, Hamburg ECB		ONLY QUALIFIED DESK CAN JUDGE INDEXING
SUBJECT	CALL LCHARVEST CAHELM C Progress of CAHELM Operation		
ACTION REQUIRED - REFERENCES			
FYI			
REF: A. EGGA 3359, 12 July 1965 B. EGGA 78723, 6 January 1965			
<p>SYNOPSIS: This dispatch briefly takes stock of developments in the CAHELM operations since the agent was turned over to Hamburg Operations Base in June, describes the agent, and gives our thinking on the direction the operation may take in the future.</p> <p>1. CAHELM was first recontacted in November 1964 by the Berlin Operations Base LCHARVEST officer, after a three-year lapse in his contact with KUBARK. The purpose at that time was solely to explore his potential for the Hamburg Base LCHARVEST effort. As described in Reference B, CAHELM was able to revive certain of his contacts in this field, but found that the center of this activity in Hamburg - the Deutsch-China Gesellschaft (DCG) - had become dormant. Two of his former contacts from the DCG, Edward SOLICH and Werner von HENTIG, had been and still are trying half-heartedly to stay active in German-China affairs, while a third, Wolf SCHENKE, is fast becoming a political outcast in everything he is involved in, including the DCG. Incidentally, CAHELM reports that the DCG will hold its next annual meeting in November. This is required by its by-laws, but there has been little enthusiasm for the organization in the last four years, due largely to its ineffectiveness in helping to create a better climate for German-Chinese trade. The members attribute its ineffectiveness in turn to the fact that SCHENKE</p>			
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	EGGA-3451	4 Oct 65	
	CLASSIFICATION	HQS FILE NUMBER	
	S E C R E T		

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<p>has insisted on staying at the head of it. At the impending meeting, however, SCHENKE will be forced out, and will be replaced by Fritz *KORT, retiring economic officer at the German Consulate General in Hong-Kong. CAHELM feels this development will give the DCG a new lease on life, for KORT is highly-respected, and is known to have many contacts in business circles in Communist China.</p> <p><i>New friend of Deutsche-Chinese Gesellschaft</i></p> <p>2. During this period CAHELM provided information in the LCHARVEST field which was forwarded as EGO-395, 2 February 1965, and EGG's -876, -877, -878, all of 21 July 1965. He also has regularly turned over Chicom propaganda material which has found some interest in Headquarters. CAHELM receives this material because SOLICH put his name on the Chinese mailing list, at his own request, during a visit to the Chinese Embassy in Bern early this year.</p> <p>3. When CAHELM was turned over to HOB in June we indicated interest in his continuing his efforts in the LCHARVEST field, primarily so that he could act as a spotter for German businessmen traveling to China and to give advance notice of Chicom officials visiting Germany. At the same time we urged him to revive his contacts to West German political extremist groups. We had in mind exploring his potential for West German political reporting particularly during the election period, and his possible use as a penetration of some political party. CAHELM's primary sources among the radical elements are Hermann SCHWANN and Wolf SCHENKE, but also include the local chieftains of the DFU, NPD, Deutschland-rat, <u>Deutsche Friedens Gesellschaft</u>, <u>Vereinigung Deutsche National Versammlungen</u>, and a number of less prominent individuals in these organizations, as well as assorted members of the DCG (there is of course much cross-fertilization among these groups). It is a matter of long-standing record that CAHELM became involved with most of these persons at the request of the Hamburg LfV, with whom he worked from 1953-63. (See Paragraph 7 below) Talks with SCHWANN, SCHENKE, von THADDEN, and other contacts in these groups in Summer 1965, produced the reports forwarded as EGG-910, and EGG-915. Research through his old files and talks with CAHELM also revealed that he has been in fairly close contact with Gustav HEINEMANN, left-wing member of the Bundestag. At our request CAHELM talked with HEINEMANN in August on his views of the forthcoming West German elections. The results were forwarded as EGG-900, 30 August 1965.</p> <p>4. In order to give direction to our future cooperation with CAHELM we held a lengthy discussion with him in September to probe his motivation and his contacts in depth. While his earlier cooperation with HOB had been based largely on his personal relationship with his handling officers, we found that he no longer feels this to be an essential ingredient for working with us. His previous handlers correctly assessed CAHELM's primary motivation to be the need to feel important and useful. His contributions to the LfV were evidently highly-rated, but later he became convinced that his information was not being exploited effectively. His HOB handlers obviously gave him the impression that his work for KUBARK was highly useful. When Subject's handlers departed in 1961 his replacement had not yet arrived and it was subsequently decided not to take up contact with Subject since the China trade had dried up and the DCG had become dormant, and because of his work for the LfV which carried some flap potential. Subject readily resumed the contact with BOB in November 1964, probably with the feeling that in the interim he had not been getting the attention that his ego needed.</p> <p>5. While CAHELM evidently does have viable contacts among the extremist factions, his reporting on them appears to be somewhat subjective and in many cases impossible to document. He readily admits that some of it is rumor, and some is based on statements resulting from political in-fighting among dissident elements in a faction. Other reporting items are "logical assumptions" of his own or his contacts - some of which cannot be</p>		
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<p>supported by any evidence. CAHELM realized this, and at our insistence he tries to pin down the sources and obtain supporting evidence wherever possible. Nonetheless we feel that much that comes out of the reporting is wishful thinking and just plain "chatter" on the part of his contacts. We now also believe that the extremist groups with which CAHELM associates are not of continuing interest to KUBARK. Their efforts to make respectable showings in the elections have flopped miserably, and their leaders are being increasingly discredited. CAHELM's contacts within the DFU, the only party which poses the slightest threat to West Germany, are among his weakest contacts. On the other hand, his contact with Gustav HEINEMANN and other members of the left wing of the SPD, does seem to offer us an opportunity, providing the agent is willing and able to follow KUBARK guidance. We therefore broached the subject of his joining the SPD, and suggested he try to get a job on the political advisory staff of the Party. He demurred at joining the Party at first, saying he could never achieve sufficient stature in the Party to assure his access to good information. Membership in the SPD would also cut off his access to his former extremist contacts. However he agreed that if he were able to get HEINEMANN's support for a job on the political staff, he would certainly be in a position to make a substantial contribution to the Party and to our effort. As he waxed enthusiastic at the prospect, we even suggested that membership in the SPD need not necessarily mean the end of his contact with the extremist factions. We agreed to wait for political conditions to settle down after the elections, and in the meantime he will discretely sound out his local SPD contacts and if possible, talk to HEINEMANN. This is where matters stand at this moment. It is important to note that CAHELM probably believes that our interest in his belonging to the SPD is to have him keep us informed of radical (dangerous) tendencies that exist in the SPD. This has been our interest in his work with the outside extremist factions to date, and we have not stated otherwise in connection with his joining the SPD. Our long-range interest - using him as a fully-controlled and responsive asset within the SPD - has not been spelled out to him.</p>				
<p>6. <u>Comments on the Agent and Prospects for the Future:</u> Although CAHELM has shown himself to be very much a political animal with an enthusiasm and capacity for activity among certain political factions in West Germany, he has had no experience at working for a major political party. He has never joined a party, he says, because the party he would advocate has yet to be founded. Since he so obviously enjoys political activity, this appears to be an excuse for him to remain a big frog in a little pond. He undoubtedly fears that if he commits himself to a major party he may fail to achieve the stature - either as a leader or as a provider of useful information - which his ego demands. The SPD is the major party he is closest to, however, and we therefore propose to continue our efforts to guide him into it and into a useful niche in the left-wing. An essential part of the operation will be to bring the agent much further along toward being a fully-responsive and controlled asset capable of responsible reporting.</p>				
<p>7. <u>Security of the Operation:</u> CAHELM left the employ of the Hamburg LfV in 1963, according to his own statements. We doubt that he was ever affiliated officially with CAVATA, although he may have carried out tasks for them on occasion. He quit the LfV because he became very sick, and because he had become fed up with the lack of initiative of the organization. He has done one or two isolated tasks for them since but has discouraged them from calling on him. A slightly sticky situation arose in March 1965 when CAHELM's wife ran off with another man in the process telling the man of CAHELM's LfV and ODYOKE association. CAHELM had evidence of his wife's infidelity, and apparently to get even with CAHELM, the other man informed the LfV of CAHELM's affiliation with ODYOKE. This caused the LfV to visit CAHELM and ask him about the matter. Apparently the LfV was well-disposed toward him, however,</p>				
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<p>and highly displeased with the wife (who had also worked with the LfV earlier) for breaking her pledge of secrecy to them - so that CAHELM had only to make a written declaration that he had never had contact with ODYOKE except a social relationship with [] and his predecessor. This apparently satisfied the LfV and they have not bothered him since. We plan to give CAHELM an LCFLUTTER (his first) on 7 October, and will of course cover the matter of his LfV association. PRQ Part II will be forwarded as soon as possible, for processing of a full OA.</p> <p>8. We would appreciate Headquarters and Bonn comments on the proposal for the future utilization of CAHELM in the West German field as described in Paragraph 5 and 6.</p> <p>9. For FE: We intend to have CAHELM remain active in the LCHARVEST field in the future, at least as long as he stays in Hamburg.</p> <p style="text-align: center;">[]</p> <p>COB Comment: While we never expect CAHELM to be a power within the SPD we do believe he can attach himself to influential people within the Party and provide us with useful inside information. The information from CAHELM would also provide a cross check on material passed to us by SPD officials with the knowledge it is for PEPRIME consumption.</p>		
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